

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Kent Salveson SBN 101311 28391 Avenida La Mancha San Juan Capistrano, CA 92675 949-291-7393 phone 949-248-1199 fax	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: Steve Woo Debtor(s).	CASE NO.: 8:11-bk-12312

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: 12/4/12	Time: 10:30 am
Location: United States Bankruptcy Court, Courtroom 5A, 411 West Fourth St. Santa Ana, CA.	

Type of Sale: ☐ Public ☒ Private

Last date to file objections:

11/20/12Description of Property to be Sold: 115 Old Course Rd. Newport Beach, CA 92660

Terms and Conditions of Sale: See attached Motion for Order: 1) Approving sale of Real Property Free and Clear of Liens; 2) Approving and Authorizing the Debtor to enter into and sign such Agreements Necessary to Document the Sale; 3) Approving payment of Real Property Commissions and other Closing Costs of Sale; and 4) Granting Other Related Relief

Proposed Sale Price: \$2,650,000 see attached sale memorandumOverbid Procedure (If Any): not applicable

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:
 2012, at 10:30 am at the United States Bankruptcy Court, Courtroom 5A, 411 West Fourth St. Santa Ana, CA
 Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Kent Salveson, Esq.28391 Avenida La ManchaSan Juan Capistrano, CA 92675949-291-7393Date: 10/26/12

Notice of Sale of Estate Property - Page 2

F 6004-2

In re Steve Woo	Debtor(s). CHAPTER: 7 CASE NO.: 8:11-bk-12312
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NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on a CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
28391 Avenida La Mancha; San Juan Capistrano, CA 92675

A true and correct copy of the foregoing document described as Notice of Sale of Estate Property
will be served or was served (a) on the judge
in chambers in the form and manner required by LBR 5005-2(d), and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") - Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On _____ I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email addressed indicated below:

☐ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

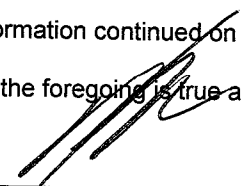
On 10/26/12 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follow. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method) by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

10/26/12 Kent Salvesson 
Date Type Name Signature

Notice of Sale of Estate Property

1
2 Steve Woo
3 115 Old Course Rd
4 Newport Beach, CA 92660
5
6 Kent Salveson
7 Attorney at Law
8 28391 Avenida La Mancha
9 San Juan Capistrano, CA 92675
10
11 American Express
12 Becket and Lee LLP
13 PO Box 3001
14 Malvern, PA. 19355
15
16 Bank America
17 PO Box 851001
18 Dallas, TX 75285
19
20 Capital One
21 PO Box 60699
22 City of Industry, CA 91716
23
24 Chase Bank
25 4500 Cherry Creek Dr.
26 Glendale, CO. 80246
27
28 Chase Bank
PO Box 15145
Wilmington, DE 19850
CitiMortgage
PO Box 140609
Irving, TX 75014
EA Display
SF No 3005 Shennen Zhong Rd
Futian, Shenzhen; PRC
GM
PO Box 80082
Salinas, CA 93912
Home and Home Office Supply
PO Box 15521
Wilmington, DE. 19850
Jean Inc
No 225 SEC 3 Nan King East Rd

1 Taipei, Taiwan, NA
2 Nordstrom
3 PO Box 6566
4 Englewood, CO. 80155
5 Resurgent Capital
6 Citibank Credit Card 3139
7 PO Box 10587
8 Greenville, SC 29603
9 T-Mobile
10 PO Box 248848
11 Oklahoma, OK 73124
12 Unihan Inc
13 No 200 Sec 3 Chengde Rd
14 Taipei City, Taiwan, NA
15 Wells Fargo Bank
16 PO Box 9210
17 Des Moines, IA 50306
18 Wescom
19 5601 E. La Palma Ave
20 Anaheim, CA 92807
21
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26
27
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Telephone: 949-291-7393
Facsimile: 949-248-1199
Email: Kent@EEXCEL.com

Attorney for Debtor: Steve Woo

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION

In re

Steve Woo

Debtor.

Case No. 8:10-bk-12323 ES

Chapter 7

MOTION FOR ORDER:

- (1) APPROVING SALE OF REAL
PROPERTY (115 OLD COURSE RD,
NEWPORT BEACH, CA.) FREE AND
CLEAR OF LIENS;**
- (2) APPROVING AND AUTHORIZING
THE DEBTOR TO ENTER INTO AND
SIGN SUCH AGREEMENTS
NECESSARY TO DOCUMENT THE
SALE;**
- (3) APPROVING PAYMENT OF REAL
ESTATE COMMISSIONS AND
OTHER COSTS OF SALE; AND**
- (4) GRANTING OTHER RELATED
RELIEF**

**MEMORANDUM OF POINTS AND
AUTHORITIES; DECLARATION OF STEVE
WOO IN SUPPORT THEREOF**

Hearing

Date: Dec. 4, 2012

Time: 10:30 AM

Place: Courtroom 5A

Ronald Reagan Federal Building and
United States Courthouse
411 West Fourth Street
Santa Ana, California 92701

1 **TO THE HONORABLE ERITHE SMITH, UNITED STATES BANKRUPTCY JUDGE,**
2 **THE OFFICE OF THE UNITED STATES TRUSTEE, AND CREDITORS AND**
3 **PARTIES-IN-INTEREST:**

4 **I - INTRODUCTION**

5 Steve Woo, the Debtor and Debtor in Possession herein ("Debtor") brings this Motion for
6 an Order: (1) Approving the Sale of Real Property Free and Clear of Liens; (2) Approving and
7 Authorizing the Debtor to enter into and sign such Agreements as are necessary to document the
8 sale; (3) Approving Payment of a Real Estate Commission and Other Costs of Sale; and (4)
9 Granting other related relief ("Motion").

10 The Debtor seeks Court approval for the sale of Debtor's property located at 115 Old
11 Course Road, Newport Beach, CA. 92660, ("Property"). The subject Property is the Debtor's
12 principal residence. The fair market value of the property is \$2,600,000 pursuant to an appraisal
13 completed by Chase Bank. The total debt secured against the Property is approximately
14 \$3,371,246. The Property has a negative equity of \$850,000. Chase Bank is the holder of both
15 the first priority trust deed securing debt in the amount of \$3,059,737.99 and the second priority
16 trust deed securing debt in the amount of \$311,510. Consequently, after cost of sale which
17 includes real estate commissions, title, association fees, taxes and escrow, it is anticipated that
18 100% of the remaining \$2,500,000 of sale proceeds will be paid to Chase Bank.

19 Under the proposed sale, the Buyer will purchase the Property for the price of
20 \$2,650,000.

21 In addition, upon close of escrow on the sale, the Buyer will execute a 3 month rental
22 agreement with the Debtor at a monthly rent of \$3,500 per month to provide Debtor sufficient
23 time to vacate the Property. A copy of the **Residential Purchase Agreement** between Debtor
24 and Buyer is attached as **Exhibit 1**.

25 The sale of the Property will allow the Debtor to complete his bankruptcy by avoiding a
26 foreclosure of his home through a short sale agreement with Chase Bank. In addition, Jolynne
27 Woo, the Debtor's non-bankruptcy spouse, and co-debtor on the first and second priority liens of
28 Chase Bank, is seeking a short sale of the Property to avoid foreclosure and the filing of

1 bankruptcy petition. The short sale of the Property agreed to with Chase Bank will achieve these
2 beneficial results. As such, the Debtor believes that the interests of the creditors and the interest
3 of the bankruptcy estate ("Estate") would be best served if the Court approves the motion.

4 A **Preliminary Title Report** has been issued by First American Title Company, order
5 number 0625-4201438; **Exhibit 2**. The Liens and Encumbrances recorded against the Property
6 are reported as follows:

7 (1) A first priority lien secured against the subject Property in favor of Chase Bank.

8 **Chase Bank** asserts that as of October 24, 2012, the outstanding principal balance
9 due is \$ 2,551,789 plus accrued interest, taxes, and insurance of \$507,947 for a total
10 of \$3,059,736.

11 (2) A second priority lien secured against the subject Property in favor of Chase Bank.

12 **Chase Bank** asserts that as of October 24, 2012, the outstanding principal balance
13 due is \$ 311,510.

14 (3) A lien notice from the **One Ford Road Community Association** in the amount of
15 \$1,859.20 recorded on May 25, 2010 as instrument number 10-245413 in the Official
16 Records plus additional accruals.

17 (4) A lien in the form of a judgment in the amount of \$31,945.91 against defendant
18 Jolynne Woo recorded on September 10, 2010 as instrument number 10-448323 of
19 the Official Records; case # 30-2009-00323339 by **Citibank** South Dakota) N.A..

20 (5) A lien in the form of a judgment against Steve Woo in the amount of \$18,440.33
21 recorded as instrument number 30-2010-00343835 December 15, 2010 as instrument
22 by **American Express Centurion Bank**.

23 (6) In addition, the Debtor seeks approval of a **real estate commission** in the
24 amount of 5% of the purchase price (or \$132,500) and other costs of sale associated
25 with the sale of the Property. The real estate commission and **costs of sale** will be
26 paid from the proceeds of the sale through escrow.

1 After payment of the secured taxes impacting the property that are owed to the Orange
2 County Treasurer and Tax Collector, if not already paid by Chase Bank, and the payment of the
3 Real Estate Commissions, title, escrow and other costs of sale, the remaining estimated
4 proceeds of \$2,500,000 will be paid to Chase Bank in full satisfaction of the \$3,371,246 debt
5 owed by Debtor. There will be insufficient funds to pay the judgment liens of One Ford Road
6 Community Association, American Express Centurion Bank, and Citibank.

7 The Debtor seeks to sell the Property free and clear of all Liens and Encumbrances with
8 all Liens and Encumbrances impacting the Property to be unconditionally released, discharged
9 and terminated. Any Liens and Encumbrances not satisfied through the sale will only attach only
10 to the proceeds of the transaction, if any, with the same priority, validity, force, and effect as they
11 existed with respect to the Property before the closing of the sale pending further Court order or
12 agreement with the parties. In this case, **Chase Bank is under-secured by approximately**
13 **\$850,000** such that the Liens and Encumbrances over and above those of Chase Bank are entirely
14 unsecured by any value or equity in the subject property and are therefore unsecured Liens and
15 Encumbrances.

16 In summary, subject to Court approval, the proposed sale of the Property has been agreed
17 to by and among Chase Bank, the Debtor, the Debtor's non-bankruptcy Spouse, and the Buyer.
18 The purpose of the short sale of the Property is to avoid a foreclosure sale of the subject property
19 and to bring value to the Estate.

20 **II - Motion for Sale of Property**

21 In support of the Sale Motion, the Debtor respectfully represents as follows:

22 **A. Case Commencement**

23 The Debtor filed a petition under Chapter 11 of the Bankruptcy Code on February 19,
24 2011 (Petition Date). The Debtor converted his case to Chapter 7 and received a discharge of his
25 debts. Debtor has continued in the possession of the Property and the management of his affairs
26 since that date during the process of negotiating a short sale of the Property with Chase Bank.

1 **B. Brief Description of Debtor**

2 Debtor had been successfully employed as the head sales engineering for View Sonic,
3 a company that manufactured and sold high end computer screens. As the economic depression
4 grew, View Sonic laid off large numbers of employees to remain in business. The Debtor was
5 among the employees laid off. As a result, the Debtor started and owns, EQD llc, a business
6 which imports TV's from China and sells them to retailers in the United States. This company
7 was initially successfully but then became entangled in litigation due to manufacturing defects
8 and has struggled to regain its lost profits resulting in the financial distress that led to insolvency.
9 The Debtor was forced to file a Chapter 11 bankruptcy which was later converted to a Chapter 7
10 Bankruptcy.

11 The Debtor wants to avoid a foreclosure of his home as does the Debtor's spouse,
12 Jolynne Woo. The Debtor, Debtor's spouse, the Buyer, and Chase Bank have all agreed subject
13 to approval by the Court to enter into a short sale so as to avoid foreclosure.

14 **C. 115 Old Course Rd Property**

15 As of the Petition Date, assets of the Estate include the property located at 115 Old
16 Course Road, Newport Beach, CA 92660; APN 442-431-19, ("Property"). The legal description
17 of the Property is provided for in the preliminary title report attached as Exhibit 2. The Property
18 is a single family home which is the principal residence of the Debtor.

19 The Property was appraised by Chase Bank on or about May 15, 2012 at a value of
20 \$2,600,000. The Property has received an offer of \$2,650,000

21 **D. Liens and Encumbrances Against the Property**

22 The Property is subject to a number of Liens and Encumbrances as provided in the
23 Preliminary Title Report which may be modified or amended by the title company.
24 For summary purposes only, the Liens and Encumbrances currently stated are as
25 follows :

- 26 1) Property Taxes for the first half of the 2012-2013 tax year owing to the
27 Orange County Treasurer and Tax Collector's Office in the amount of
28 \$11,825.16 due and payable by November 10, 2012.

- 1 2) First Priority Trust Deed in favor of Chase Bank securing indebtedness of
2 \$2,551,789 plus accrued interest, taxes, insurance and cost of \$507,947 for
3 a total of \$3,059,736.
- 4 3) Second Priority Trust Deed in favor of Chase Bank securing indebtedness
5 of \$200,000 plus accrued interest and penalties of \$111,510 for a total of
6 \$311,510.
- 7 4) A Lien recorded by One Ford Road Community Association on May 25,
8 2010 as instrument number 10-245413 in the amount of \$1,859.20 plus
9 accruals.
- 10 5) Judgment Lien recorded by Citibank on September 10, 2010 as instrument
11 number 10-448323 in the amount of \$31,945.91 pursuant to Orange
12 County Superior Court case # 30-2009-00323339.
- 13 6) Judgment Lien recorded by American Express Centurion Bank on
14 December 15, 2010 as instrument number 10-675411 in the amount of
15 \$18,440.33 pursuant to Orange County Superior Court case # 30-2010-
16 00343835.

17 **E. Valuation of Property**

18 Chase Bank hired an appraiser and appraised the Property on or about May 15, 2012.
19 The appraised value of the is \$2,600,000. The offer pending to purchase the property is for
20 \$2,650,000. Chase Bank has agreed to accept the offer of \$2,650,000 subject to Court approval.

21 **F. Proposed Sale of the Property**

22 The proposed sale of the Property is provided for in a true and correct copy of the
23 Residential Purchase Agreement attached as Exhibit 1. The basic terms of the offer are as
24 follows:

- 25 1) The purchase price of the Property is \$2,650,000.
- 26 2) Escrow will be provided by Sunset Escrow.
- 27 3) Title will be provided by First American Title Company.

- 1 4) The sale escrow will close within 60 days of the later of the Court's order
- 2 approving the sale of the Property free and clear of all liens or the final
- 3 approval of Chase Bank agreeing to the Court's order and sale thereon.
- 4 5) A Real Estate Brokerage fee is to be paid in the amount of 5% of the
- 5 purchase price equal to \$132,500.
- 6 6) The sale of the Property is to be free and clear of all Liens and
- 7 Encumbrances
- 8 7) Any and all disputes which involve in any manner the Estate or the Debtor
- 9 arising from the sale transaction or relating to the property in any manner,
- 10 shall be resolved only in the United States Bankruptcy Court, Central
- 11 District of California, Santa Ana Division.
- 12 8) The sale of the Property is expressly conditioned upon approval of the
- 13 United States Bankruptcy Court for the Central District of California,
- 14 Santa Ana Division and entry of Final Order approving this Motion.
- 15 9) The proposed sale has been brought in good faith and has been negotiated
- 16 on an arms-length basis. The negotiations with the Buyer have resulted in
- 17 an offer to sell the Estate's interest in the Property that will have
- 18 substantial benefit.
- 19 10) Chase Bank has agreed to the short sale of the property and will receive
- 20 payment of \$2,650,000 less taxes and closing costs as provided for above
- 21 in full payment of its First and Second Priority Liens totaling \$3,371,246.
- 22

23 Accordingly, the sale is in good faith and should be approved. The Debtors shall
24 request such a finding pursuant to Bankruptcy Code 363 (m) at the hearing on this sale motion.

25
26 **G. Treatment of the Liens and Encumbrances Under the Sale**

27 The proceeds received by the Estate from the sale of the Property will be used to pay
28 the following Liens, Encumbrances and Costs of Sale.

- 1) Payment of the secured taxes impacting the Property owed to the Orange County Treasurer and Tax Collector's Office in the amount of \$11,825.16 subject to adjustment based on time;
- 2) Payment of all closing costs related to the sale of the Property including but not limited to Real Estate Brokerage Commissions in the amount of \$132,500, Title Insurance, Escrow Fees, Notary Fees, Document Delivery Fees and other related costs.
- 3) Payment of the remaining funds will be paid to Chase Bank pursuant to their First and Second Priority First and Second Trust Deed liens. The amount due under the Chase Bank Liens is greater than the amount of sales proceeds which must be reduced further by taxes and cost of sales. Chase Bank has agreed to receive a receive a short pay of approximately \$2,500,000. Chase Bank wants to complete the sale without delay.
- 4) The Liens and Encumbrances of One Ford Road Community Association in the amount of \$1,859.20; Citibank in the amount of \$31,945.91 and American Express Centurion Bank in the amount of \$18,440.33 will not receive any payment as secured creditors. The Liens of Citibank and American Express are unsupported by any value or in equity in the Property. Consequently, the Property will be sold free and clear of any Lien or Encumbrance of One Ford Road Community Association, Citibank and American Express Centurion Bank.

The Debtor seeks to sell the Property free and clear of Liens and Encumbrances with all Liens and Encumbrances impacting the Property to be unconditionally released, discharged, and terminated. Any Liens and Encumbrances not satisfied or resolved through the sale will attach only to excess proceeds, if any, of the sale transaction with the same priority, validity, force and effect as they existed with respect to the Property before the closing of the sale pending further Court order or agreement of the parties.

1 The Debtor does not believe that it is prudent or necessary to resolve the disputes
2 with holders of the disputed Liens and Encumbrances, if any, by Court order or judgment prior to
3 the sale of the Property. The unresolved disputed Liens and Encumbrances, if any, would be
4 subject to a bona fide dispute and the Bankruptcy Code provides for a means to sell free and
5 clear of such interests. If the Estate is forced to wait for resolution of the disputes, if any, the
6 Debtor may lose the opportunity to capitalize on the current interest from the Buyer and the
7 Estate will have to expend further funds to administer and market the Property for sale, which
8 may dilute the amount of funds available for the Estate.

9 Resolution of the issues with regard to the claims of the holders of disputed Liens and
10 Encumbrances may likely take substantial time, effort and expense by the parties. That process
11 should not hinder, delay or in any way inhibit the Debtor's effort to maximize the value of the
12 sale of the Property. Thus, the Debtor believes that approval for the sale free and clear of the
13 Liens and Encumbrances pursuant to Bankruptcy Code Section 363 (f)(4) in the manner
14 provided herein is appropriate.

15 **H. Approval of the Motion Serves the Best Interests of the Estate and Creditors**

16 The Debtors believe that the proposed sale of the Property is the best means for
17 resolving and maximizing the value of the Property for the Estate and the creditors.
18 Specifically, the proposed sale transaction will assist the Debtors in their reorganization goals to
19 (1) avoid a foreclosure with respect to their home by completing the proposed short sale
20 transaction, and (2) it will allow the Debtor's non-bankruptcy spouse to avoid a foreclosure event
21 by completing the proposed short sale transaction, and (3) the proposed short sale transaction
22 will generate the most value from the Property.

23 As set forth in the Declaration of Steve Woo, given the present state of the real estate
24 market in Southern California, it is believed that the proposed sale of the Property for a purchase
25 price of \$2,650,000 is fair and reasonable.

26 Furthermore, as a result of the Debtors financial condition, the only option available
27 is an orderly sale of the Property. The benefits of the sale are the best option. The sale will
28 allow Chase Bank to recover a large portion of the debt it is owed and will allow the Debtor and

the Debtor's spouse to avoid the occurrence of a foreclosure which will assist in their financial recovery.

It is in the best interests of the creditors of this Estate that the Motion be approved. Thus good cause exists to grant the Motion so that the Debtors do not lose this favorable opportunity to sell the Property.

IV - MEMORANDUM OF POINTS AND AUTHORITIES

A. The Court May Approve a Sale of When There is a Good Faith Purchaser

The Debtors, after notice and opportunity for hearing, may sell property of the Estate. Bankruptcy Code Section 363(b). The standards to establish are that there is a sound business purpose for the sale, that the sale is in the best interests of the estate, i.e., the sale is for a fair and reasonable price, that there is accurate and reasonable notice to creditors and that the sale is made in good faith. In re Wilde Horse Enterprises, Inc., 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); In re Lionel Corp., 722 F.2d 1063, 1069 (2d Cir. 1983). Business justification would include the need to close a sale to one of very few serious bidders where an asset has been extensively shopped and a delay could jeopardize the transaction. See, e.g., In re Crowthers McCall Pattner, Inc., 114 B.R. 877, 885 (Bankr. S.D.N.Y. 1990) (extreme difficulty finding a buyer justified merger when buyer found). The Debtors proposed sale of the Property meets the foregoing criteria.

1. Sound Business Purpose

The Ninth Circuit in In re Walter, 83 B.R. 14 (Bankr. 9th Cir. 1988) has adopted a flexible, case by case test to determine whether the business purpose for a proposed sale justifies disposition of property of the estate under Section 363(b). In Walter, the Ninth Circuit, adopting the reasoning of the Fifth Circuit in In re Continental Air Lines, Inc., 780 F.2d 1223 (5th Cir. 1986), and the Second Circuit in In re Lionel Corp., 722 F.2d 1063 (2d Cir. 1983), set forth the following standard to be applied under Bankruptcy Code Section 363(b).

Whether the proffered business justification is sufficient depends on the case. As the Second Circuit held in Lionel, the bankruptcy judge should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike. He might, for example, look to such relevant factors as the proportionate value of

1 the assets to the estate as a whole, the amount of lapsed time since
2 the filing, the likelihood that a plan of reorganization will be
3 proposed and confirmed in the near future, the effect of the
4 proposed disposition on future plans of reorganization, the
5 proceeds to be obtained from the disposition vis-a-vis any
6 appraisals of the property, which of the alternatives of use, sale or
7 lease the proposal envisions and, most importantly perhaps,
8 whether the asset is increasingly or decreasing in value. This list is
9 not intended to be exclusive, but merely to provide guidance to the
10 bankruptcy judge. Walter, supra, at 19-20 [quoting In re Continental Air Lines,
11 Inc., 780 F.2d 1223, 1226 (5th Cir. 1986)].

12 Here, the facts surrounding the sale support the Debtors business decision that the
13 proposed sale is in the best interest of the Estate and its creditors. The sale will assist the Debtors
14 in reducing claims against the Estate. If the Court does not approve the sale transaction, the
15 Debtors may lose the opportunity to sell the Property and cause the Estate to incur additional
16 expenses associated with administering the Property and trying to find a new buyer if one could
17 be found in the present real estate market.

18 Therefore, the Debtors respectfully submit that, if this Court applies the good business
19 reason standard suggested by the Second Circuit in Lionel, the sale should be approved.

20 **2. The Sale Serves the Best Interests of the Estate and Creditors**

21 The Debtors believe that the proposed sale is the best available alternative for
22 maximizing the value of the Property for the Estate and creditors. The proposed sale will assist
23 the Debtors in substantially reducing two of the secured claims of Chase Bankd assist the
24 Debtors towards their reorganization goals to reduce claims. Furthermore, as a result of the
25 Debtors financial situation, the only option available is an orderly sale of a real property asset
26 that is not necessary for their reorganization.

27 If the sale is not approved, the Debtors will incur costs associated with administering the
28 Property and with trying to find a new buyer for the Property.

29 In summary, based on good business reasons, including the current real estate market and
30 the economics of the Debtors situation, it is in the best interest of the creditors of this Estate that
31 this Motion be approved. Thus, good cause exists to grant the Motion so that the Debtors do not
32 lose the favorable business opportunity.

33 **3. Accurate and Reasonable Notice**

34 It is expected that notice of this Motion will satisfy the requirements for accurate and

1 reasonable notice and will be appropriate under the circumstances.

2 The Debtors shall provide notice of the proposed sale to all creditors. Notice of this
3 Motion will be served on all creditors and will include a summary of the terms and conditions of
4 the proposed sale, the time fixed for filing objections, and a general description of the property.
5 The Debtors submit that the notice requirements will have been satisfied, thereby allowing
6 creditors and parties in interest an opportunity to object to the sale. Hence, no further notice
7 should be necessary.

8 **4. The Sale is Made In Good Faith**

9 The proposed sales have been brought in good faith and have been negotiated on an
10 "arms-length" basis.

11 The court, in Wilde Horse Enterprises, set forth the factors in considering whether a
12 transaction is in good faith. The court stated:

13 'Good faith' encompasses fair value, and further speaks to the
14 integrity of the transaction. Typical 'bad faith' or misconduct,
15 would include collusion between the seller and buyer, or any
16 attempt to take unfair advantage of other potential purchasers...
17 And, with respect to making such determinations, the court and
18 creditors must be provided with sufficient information to allow
19 them to take a position on the proposed sale. (citations omitted)Id. at 842.

20 The Buyer is an unrelated to the Debtors. The negotiation of the proposed sale was an
21 arms-length transaction. The negotiations with the Buyer have resulted in an offer to sell that will
22 have substantial benefit. As set forth in the Notice of the Sale Motion, the creditors will have
23 been provided with sufficient notice of the sale. Accordingly, the sale is in good faith and should
24 be approved. The Debtors request such a finding pursuant to Bankruptcy Code Section 363(m).

25 **B. Sale of the Property Free and Clear of Liens and Encumbrances Should be**
26 **Permitted**

27 Bankruptcy Code Section 363(f) allows a debtor to sell property of the bankruptcy estate
28 free and clear of any interest in such property of an entity, if any one of the following five
conditions is met:

- (1) applicable non-bankruptcy law permits a sale of
such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such

property is to be sold is greater than the aggregate value of all
liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or
equitable proceeding, to accept money satisfaction of such interest.

Application of Bankruptcy Code Section 363(f).

Section 363(f) is written in the disjunctive and thus only one of the enumerated
conditions needs to be satisfied for Court approval to be appropriate.

1. Section 363(f)(2)- Consent

The sale of the Property is proper pursuant to Section 363(f)(2). Secured creditor the
Orange County Treasurer and Tax Collector will be paid through sale proceeds. As such, it
is anticipated that the taxing agency **consent and will have no objection** to the sale under the
terms set forth herein.

Secured creditor **Chase Bank** will be paid \$2,650,000 less taxes and closing costs
including real estate commissions, title insurance, and escrow fees for a net estimated payment of
\$2,500,000. Chase Bank has **approved and consented to the short sale** of the Property and
will issue final agreements upon receipt of the Court order approving the sale free and clear of all
Liens and Encumbrances. As such, it is anticipated that Chase Bank will have no objection to
the sale under the terms set forth herein.

2. Section 363(f)(4) – Bona Fide Dispute: The sale of the Property is appropriate
under Section 363(f)(4) because of the bona fide disputes which exist in regard to the Liens and
Encumbrances recorded against the Property. The Property is subject to the following Liens and
Encumbrances:

- A) Orange County Treasurer and Tax Collector, - *payment in full-consent*
- B) Chase Bank's the first and second priority trust deed liens, - *short payment consent*
- C) One Ford Road Community Association; - *no funds for payment-disputed*
- D) Citibank, - *no funds for payment - disputed*
- E) American Express Centurion Bank. – *no funds for payment - disputed*

3. Section 363(f)(5) – Satisfaction by Payment of Money: The sale of the
Property is appropriate when an entity could be compelled, in a legal or equitable proceeding, to

1 accept money satisfaction of such interest. The Liens and Encumbrances of One Ford Road,
2 Citibank, and American Express Centurion Bank are judgment liens which may be satisfied by
3 the payment of money. Consequently, the sale is appropriate.

4 The Debtors seek to sell the Property free and clear of all Liens and Encumbrances
5 with all Liens and Encumbrances impacting the Property, if any, to be unconditionally released,
6 discharged and terminated, and with any Liens and Encumbrances not satisfied or resolved
7 through the sale to attach only to the proceeds of the transaction with the same priority, validity,
8 force and effect as they existed with respect to the Property before the closing of the sale pending
9 further Court order or agreement with the parties.

10 Courts have approved sales under Bankruptcy Code Section 363(f) even where the sale
11 price did not exceed the value of the liens asserted on the property so long as the sale is for fair
12 market value. In re Terrace Gardens Park Partnership, 96 B.R. 707 (Bankr. W.D. Tex. 1989); In
13 re Beker Indus. Corp., 63 B.R. 474, 477 (Bankr. S.D.N.Y. 1986). In this case Chase Bank
14 appraised the subject Property for \$2,600,000. The offer submitted by the Buyer is for
15 \$2,650,000 which is \$50,000 more than the appraised value. Given that Chase Bank is losing
16 \$850,000 upon completion of this short sale, it is clear that Chase Bank has used reasonable and
17 good faith efforts to determine the highest possible fair market value. Consequently, the sale
18 price of \$2,650,000 is below the amount of all Liens and Encumbrances, it is a fair and good
19 faith valuation of the Property supporting a finding that the Property should be sold free and
20 clear of all Liens and Encumbrances.

21 The Debtor does not believe it is prudent or necessary to resolve the disputes with holders
22 of any disputed Liens and Encumbrances liens by Court order or judgment prior to the sale. The
23 unresolved disputed Liens and Encumbrances, if any, would be subject to a bona fide dispute and
24 the Bankruptcy Code provides for a means to sell free and clear of such interests. If the Estate is
25 forced to wait for resolution of the disputes, if any, the Debtors may lose the opportunity to
26 capitalize on the current interest from the Buyer and the Estate will have to expend further funds
27 to administer the Property for sale, which will dilute the amount of funds available for the Estate.

28 As such, the sale should proceed now, with any claims or interests of disputed Liens and
Encumbrances, if any, to attach to the proceeds, if any. In this case, more than any other, where
the asset is real estate that is subject to fluctuations in the current real estate market, interest rates
and other factors that may significantly impact its value, it is absolutely essential for the Debtors
to be able to quickly liquidate the Estate's interest in the Property for its maximum possible

1 value. Resolution of the issues with regard to the claims of the holders of the disputed Liens and
2 Encumbrances may likely take substantial time, effort and expense by the parties. That process
3 should not hinder, delay or in any way inhibit the Debtors efforts to maximize the value of the
4 sale of Property.

5 Thus, the Debtors believe that approval for the sale free and clear of Liens and
6 Encumbrances pursuant to Bankruptcy Code Section 363(f)(2)(4) and (5) in the manner provided
7 herein are appropriate and pursuant to case law cited above.

8 **C. The Sale Does Not Contravene Policy**

9 As early as 1981, a court held that:

10 As to whether the sale by a trustee of all of the debtor's assets must
11 take place in the context of a confirmed reorganization plan, the
12 case law again is clear that there is nothing objectionable about a
13 sale of all the assets outside of a Chapter 11 plan. In re WHET, Inc., 12 B.R.
14 743, 750 (Bankr. D. Mass. 1981).

15 Not to the contrary, the Fifth Circuit decision in In re Braniff Airways, Inc., 700 F.2d 935
16 (5th Cir. 1983), disapproved an asset sale because the transaction at issue involved much more
17 than a sale of property in that the documents significantly limited the debtor's reorganization
18 options. *Id.* At 939.

19 As a result of the Debtors financial condition, the only option available is the orderly sale
20 of the Property. Specifically, the proposed sale transaction will assist the Debtors in their
21 reorganization goals to (1) substantially reduce the claim of Chase Bank on account of its first
22 and second priority trust deed lien, (2) deleted, (3) assist the Debtor in its payment of
23 professional fees, and funding for a reorganization plan, and (4) assist the Debtor in attaining the
24 most value for the Property for the benefit of the Estate, and (5) avoid a foreclosure by selling
25 the property pursuant to a short sale agreed to by Chase Bank. In essence, based on good
26 business reasons, including the current real estate market and the economics of the Debtors
27 situation, it is in the best interest of the creditors of this Estate that this Motion and the proposed
28 sale transaction be approved.

Accordingly, the sale does not conflict with underlying bankruptcy policy. See, In re
Brethren Care of South Bend, Inc., 98 B.R. 927, 934 (Bankr. N.D. Ind. 1989) (certainty of future
for tenants was good business reason and only feasible plan was liquidation, so 363 sale
approved despite pending plan of reorganization).

D. The Court has Authority to Waive the Fourteen-Day Stay of Sale

Federal Rule of Bankruptcy Procedure 6004(h) provides that [a]n order authorizing the use, sale or lease of property other than cash collateral is stayed until the expiration of fourteen days after entry of the order, unless the Court orders otherwise.

The Debtors desires to close the sale on the Property as soon as practicable after entry of an order approving the sale. In addition, the Buyer has requested that escrow on the sale close within sixty days of the execution of the purchase and sale agreement. Accordingly, the Debtors request that the Court in the discretion provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen-day stay of the order granting this Motion and approving the sale.

IV. CONCLUSION

Based upon the foregoing, the Debtors respectfully submit that good cause exists for granting the Motion and the Debtors respectfully request that the Court enter an order as follows:

1. Authorizing the Debtors to sell the Property to the Buyer free and clear of all Liens and Encumbrances, with all Liens and Encumbrances impacting the Property, to be unconditionally released, discharged and terminated, and with any Liens and Encumbrances not resolved through the sale to attach only to the proceeds of the transaction with the same priority, validity, force and effect as they existed with respect to the Property before the closing of the sale pending further Court order or agreement with the parties.
2. Authorizing the Debtors to sign any and all documents convenient and necessary in pursuit of the sale of the Rancho Property pursuant to the Letter of Intent, including but not limited to any and all conveyances contemplated by the sale and such purchase and sale documents as will be finalized and filed with the Court prior to the hearing on the Motion.
3. A determination by the Court that the Buyer is in good faith with respect to the sale pursuant to Bankruptcy Code Section 363(m).
4. Waiving the fourteen-day stay of the order approving the sale of the Property under Federal Rules of Bankruptcy Procedure 6004(h).
5. Authorizing the payment through escrow on the sale transaction to the Orange County Treasure and Tax Collector such amounts as are necessary to satisfy unpaid secured taxes impacting the Property.
6. Authorizing payment through escrow of a real estate brokerage commission equal to 5% of the purchase price of \$2,650,000 or a fee of (\$132,500).
7. Authorizing payment through escrow on the sale transaction the estimated amount

1 of \$2,500,000 which will be the remaining proceeds from of the sale to Chase Bank.

2 8. Authorizing payment through escrow on the sale transaction such amounts as are
3 necessary for payment of costs of sale as is normal in the state of California.

4 9. And for such other and further relief as the Court deems just and proper under the
5 circumstances of this case.

6 Dated: October 25, 2012

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8
9 / S / Kent Salveson
10 Kent Salveson, Attorney for Debtor

DECLARATION OF STEVE WOO

I, Steve Woo, declare:

1. I, Steve Woo, am the debtor and debtor in possession in the case In re Steve Woo, Case No. 8:11-bk-12312. I have personal knowledge of the facts set forth herein and could, if called as a witness, competently testify thereto.

2. My wife is Jolynne Woo. My wife has not filed a bankruptcy proceeding and is not a participant in my bankruptcy. My wife has an interest in the Property through her community property rights as applied in the State of California and is therefore an interested party. She has consented to the short sale and the approval of the proposed Motion.

3. I make this Declaration in support of our Motion for Order: (1) Approving the Sale of the Real Property Free and Clear of Liens; (2) Approving and Authorizing the Debtors to Enter Into and Sign Such Agreements Necessary to Document the Sale; (3) Approving Payment of Real Estate Commission and Other Costs of Sale; and (4) Granting Other Related Relief (Motion). Unless otherwise noted, capitalized terms herein have the meaning as set forth in the Motion.

4. I filed my petition under Chapter 11 of the Bankruptcy Code on February 19, 2011 and have continued in the possession of my property and the management of my affairs.

5. I own a community property interest in my home with my Wife, Jolynne Woo.

6. As of the Petition Date, my assets included the property located at 115 Old Course Road, Newport Beach, CA 92660 the ("Property"). The legal description of the Property is set forth in the Preliminary Title Report, a true and correct copy of which is attached hereto as **Exhibit 1**. The legal description for the Property is believed to be accurate but may be corrected or updated by the title company in the transfer documents as necessary to complete the proposed sale transaction.

7. Chase Bank has appraised the value of the Property at \$2,650,000. The outstanding debt owed to Chase Bank is \$3,371,246.

8. We have negotiated a short sale agreement with Chase Bank to sell the Property pursuant to a Court order for the price of \$2,650,000. We hired Kent Salveson to list the property for sale and to complete the sale of the Property. Kent Salveson has procured a Buyer for the Property at a purchase price of \$2,650,000 and subject to approval of this Motion to Sell the Property Free and Clear of all Liens and Encumbrances I am ready to complete the sale

1 9. The Property is subject to a tax liens in favor of the Orange County Treasurer and
2 Tax Collector's office in the amount of \$11,825. Through the sale, all secured taxes impacting
3 the Property will be paid.

4 10. There are 3 other Liens and Encumbrances. The other liens are (1) One Ford
5 Road Community Association; (2) Citibank; and (3) American Express Centurion Bank. The
6 sales price will not produce a sufficient amount of proceeds to pay any portion of these Liens and
7 Encumbrances.

8 11. A true and correct copy of the Residential Purchase Agreement setting for the
9 terms and conditions of the transaction for the sale of the Property is attached hereto as **Exhibit**
10 **2.**

11 12. After payment of the secured taxes impacting the Property owed to the Orange
12 County Treasurer and Tax Collector, and the payment of closing costs including real estate
13 commissions, title and escrow, Chase Bank is will receive a payment of approximately
14 \$2,500,000 in full satisfaction of the \$3,371,246 owed to Chase Bank

15 13. I seek to sell the Property free and clear of all Liens and Encumbrances with all
16 Liens and Encumbrances impacting the Property to be unconditionally released, discharged and
17 terminated. Any Liens and Encumbrances not satisfied or resolved through the sale will attach
18 only to the proceeds of the transaction with the same priority, validity, force and effect as they
19 existed with respect to the Property before the closing of the sale pending further Court order or
20 agreement with the parties.

21 14. I do not believe it is prudent or necessary to resolve the disputes with holders or
22 disputed Liens and Encumbrances liens (if any) by Court order or judgment prior to the sale.
23 The unresolved disputed Liens and Encumbrances, if any, would be subject to a bona fide
24 dispute. If the Estate is forced to wait for resolution of the disputes, if any, we may lose the
25 opportunity to capitalize on the current interest from the buyer and the Estate will have to expend
26 further funds to administer and market the Property for sale, which may dilute the amount of
27 funds available for the Estate.

28 15. Resolution of the issues with regard to the claims of the holders of the disputed
Liens and Encumbrances may likely take substantial time, effort and expense by the parties. That
process should not hinder, delay or in any way inhibit our efforts to maximize the value of the
sale of Property. Thus, we believe that approval for the sale free and clean of Liens and
Encumbrances in the manner provided in the Motion appropriate.

 16. We believe that proposed sale of the Property is the best means for resolving and

1 maximizing the value of the Property for the Estate and creditors. Specifically, the proposed
2 sale transaction will assist us in reorganization goals to (1) substantially reduce the claim of
3 Chase Bank secured against the Property, (2) avoid the foreclosure of the subject property in
4 favor of an agreed upon short sale, and (3) assist us in attaining the most value for the Property
5 for the benefit of the Estate, and (4) allow Jolynne Woo to avoid a foreclosure on her credit
6 record and help her to avoid the need to file a bankruptcy petition.

7 17. Given the present state of the real estate market in Southern California, it is
8 believed that the proposed sale of the Property for a purchase price of \$2,650,000, is fair and
9 reasonable and is consistent with the appraisal performed by Chase Bank.

10 18. Furthermore, as a result of our financial condition, the only option available is an
11 orderly sale of the Property. The benefits of the sale are clearly beneficial to Chase Bank, the
12 Debtor, the Debtor's non-bankruptcy spouse, and the Estate.

13 19. In essence, based on good business reasons, including the current real estate
14 market and economics of our situation, it is in the best interest of the creditors of this Estate that
15 the Motion be approved. Thus, good cause exists to grant the Motion so that we do not lose this
16 favorable opportunity.

17 I declare under penalty of perjury under the laws of the United States of America that the
18 foregoing is correct.

19
20 SIGNATURE

21 /S/ Steve Woo
22 Steve Woo
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DECLARATION OF KENT SALVESON

1. I, Kent Salveson, am licensed by the California Department of Real Estate as a Broker with my principal office located at 28391 Avenida La Mancha, San Juan Capistrano, CA 92675. Phone 949-291-7393.
2. I am also licensed as an attorney admitted to the California Bar, and licensed to practice in California State Court and in the Federal Bankruptcy Court.
3. I was hired by Steve and Jolynne Woo to list and sell their home as a short sale so as to avoid the foreclosure of their loan secured against the Property. I listed and marketed the property located at 115 Old Course Road, Newport Beach, CA 92660.
4. The commission to be received by Kent Salveson as the listing Broker and the Broker representing the Buyer will receive a combined commission of 5% of the purchase price of the home. Based on a sales price of \$2,650,000, the commission would be \$132,500.
5. I have procured an offer in the amount of from the Buyer's agent in the amount of \$2,650,000. The offer is \$50,000 greater than the appraised value of the Property. Chase Bank appraised the Property at \$2,650,000.
6. The purchase of the property is evidenced by the Residential Purchase Agreement attached as Exhibit-1.
7. This is the highest and best offer that was received at the time it was presented to the Trustee. I am continuing to market the property until an order approving the sale is received.
8. This is an arms-length transaction. The Debtors are not related to me or to anyone connected with me and have not had previous dealings with the Buyer. I am not related to the Buyer. To my knowledge the Buyer is not an insider to the Debtor and is not related to the United States Trustee or any employees of the Office of the United States Trustee by either blood or marriage.

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I know the foregoing facts to be true and correct of my own knowledge and if called upon as a witness I could and would so testify. I declare under penalty of perjury that the foregoing is true and correct.

Executed in San Juan Capistrano, CA.

October 26, 2012

/S/ Kent Salveson
Kent Salveson

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EXHIBIT 1

RESIDENTIAL PURCHASE AGREEMENT



CALIFORNIA
ASSOCIATION
OF REALTORS®

COUNTER OFFER No. Two

For use by Seller or Buyer. May be used for Multiple Counter Offer.
(C.A.R. Form CO, Revised 11/10)

This is a counter offer to the: ☒ California Residential Purchase Agreement, ☐ Counter Offer, or ☐ Other _____ Date October 9, 2012
dated September 18, 2012, on property known as 115 Old Course Drive ("Offer").
between Kim Bagramian, Harry Bagramian ("Property").
Steve Woo, Jolynne Ewing ("Buyer") and
("Seller").

1. TERMS: The terms and conditions of the above referenced document are accepted subject to the following:
- A. Paragraphs in the Offer that require initials by all parties, but are not initialed by all parties, are excluded from the final agreement unless specifically referenced for inclusion in paragraph 1C of this or another Counter Offer.
 - B. Unless otherwise agreed in writing, down payment and loan amount(s) will be adjusted in the same proportion as in the original Offer.
 - C. 1) Purchase price to be \$2,650,000.
2) All other terms and conditions to remain the same.

- D. The following attached addenda are incorporated into this Counter Offer: ☐ Addendum No. _____
2. RIGHT TO ACCEPT OTHER OFFERS: If this is a Seller Counter Offer, (i) Seller has the right to continue to offer the Property for sale or for another transaction, and to accept any other offer at any time prior to Acceptance, as described in paragraph 3 and (ii) Seller's acceptance of another offer prior to Buyer's Acceptance of this Counter Offer, shall revoke this Counter Offer.
3. EXPIRATION: This Counter Offer shall be deemed revoked and the deposits, if any, shall be returned unless this Counter Offer is signed by the Buyer or Seller to whom it is sent and a Copy of the signed Counter Offer is personally received by the person making this Counter Offer or by Robert Pfeif, who is authorized to receive it, by 5:00 PM on the third Day After the later date specified in paragraph 5 or, (if checked) by ☒ October 17, 2012 (date), at 5 ☐ AM ☒ PM. This Counter Offer may be executed in counterparts.

4. ☐ (If checked:) MULTIPLE COUNTER OFFER: Seller is making a Counter Offer(s) to another prospective buyer(s) on terms that may or may not be the same as in this Counter Offer. Acceptance of this Counter Offer by Buyer shall not be binding unless and until it is subsequently re-Signed by Seller in paragraph 7 below and a Copy of the Counter Offer Signed in paragraph 7 is personally received by Buyer or by _____, who is authorized to receive it, by 5:00 PM on the third Day After the later date specified in paragraph 5 or, (if checked) by ☐ _____ (date), at ☐ AM ☐ PM. Prior to the completion of all of these events, Buyer and Seller shall have no duties or obligations for the purchase or sale of the Property. NOTE TO SELLER: Sign and date in paragraph 5 to make this Counter Offer.

5. OFFER: ☒ BUYER OR ☐ SELLER MAKES THIS COUNTER OFFER ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY.
Kim Bagramian Date 10/09/2012
Harry Bagramian Date 10/09/2012

6. ACCEPTANCE: I/WE accept the above Counter Offer (if checked ☐ SUBJECT TO THE ATTACHED COUNTER OFFER) and acknowledge receipt of a Copy.
Date _____ Time _____ ☐ AM ☐ PM
Date _____ Time _____ ☐ AM ☐ PM

7. MULTIPLE COUNTER OFFER SIGNATURE LINE: By signing below, Seller accepts this Multiple Counter Offer.
NOTE TO SELLER: Do NOT sign in this box until after Buyer signs in paragraph 6. (Paragraph 7 applies only if paragraph 4 is checked.)
Date _____ Time _____ ☐ AM ☐ PM
Date _____ Time _____ ☐ AM ☐ PM

8. _____ / _____ (Initials) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by the maker of the Counter Offer, or that person's authorized agent as specified in paragraph 3 (or, if this is a Multiple Counter Offer, the Buyer or Buyer's authorized agent as specified in paragraph 4) on (date) _____ at _____ ☐ AM ☐ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by the the maker of the Counter Offer, or that person's authorized agent (or, if this is a Multiple Counter Offer, the Buyer or Buyer's authorized agent) whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Acceptance has occurred.

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CO REVISED 11/10 (PAGE 1 OF 1)

Reviewed by _____ Date _____



COUNTER OFFER (CO PAGE 1 OF 1)

Agent: Robert Pfeif Phone: 949-720-8300 Fax: 949-720-8321 Prepared using zipForm® software
Broker: Pfeif Residential Group, Inc. 160 Newport Center Drive, Suite 120 Newport Beach, CA 92660



CALIFORNIA
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**CALIFORNIA
RESIDENTIAL PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

For Use With Single Family Residential Property — Attached or Detached
(C.A.R. Form RPA-CA, Revised 4/10)

Date September 18, 2012

1. OFFER:

A. THIS IS AN OFFER FROM Kim Bagramian, Harry Bagramian ("Buyer").

B. THE REAL PROPERTY TO BE ACQUIRED is described as 115 Old Course Drive, Newport Beach, CA 92660, Assessor's Parcel No. 442-431-19, situated in Newport Beach, County of Orange, California, ("Property").

C. THE PURCHASE PRICE offered is Two Million, Four Hundred Thousand

D. CLOSE OF ESCROW shall occur on _____ (Dollars \$ 2,400,000.00) (date) (or ☒ 30 Days After Acceptance).

2. AGENCY:

A. DISCLOSURE: Buyer and Seller each acknowledge prior receipt of a "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).

B. POTENTIALLY COMPETING BUYERS AND SELLERS: Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.

C. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent Kent Salveson, Broker (Print Firm Name) is the agent of (check one): ☒ the Seller exclusively; or ☐ both the Buyer and Seller.

Selling Agent Pfeif Residential Group, Inc. (Print Firm Name) is the agent of (check one): ☒ the Buyer exclusively; or ☐ the Seller exclusively; or ☐ both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 70,000.00

(1) Buyer shall deliver deposit directly to Escrow Holder by personal check, ☒ electronic funds transfer, ☐ Other _____ within 3 business days after acceptance (or ☐ Other _____);

OR (2) (if checked) ☐ Buyer has given the deposit by personal check (or ☐ _____) to the agent submitting the offer (or to ☐ _____), made payable to Mariners Escrow. The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder (or ☐ into Broker's trust account) within 3 business days after Acceptance (or ☐ Other _____).

B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ _____ within _____ Days After Acceptance, or ☐ _____.

If a liquidated damages clause is incorporated into this Agreement, Buyer and Seller shall sign a separate liquidated damages clause (C.A.R. Form RID) for any increased deposit at the time it is deposited.

C. LOAN(S):

(1) FIRST LOAN: in the amount of \$ 300,000.00

This loan will be conventional financing or, if checked, ☐ FHA, ☐ VA, ☐ Seller (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form PAA), ☐ Other _____. This loan shall be at a fixed rate not to exceed 4.000 % or, ☐ an adjustable rate loan with initial rate not to exceed _____ %.

Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.

(2) ☐ SECOND LOAN: in the amount of \$ _____

This loan will be conventional financing or, if checked, ☐ Seller (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form PAA), ☐ Other _____. This loan shall be at a fixed rate not to exceed _____ % or, ☐ an adjustable rate loan with initial rate not to exceed _____ %.

Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.

(3) FHAVA: For any FHA or VA loan specified above, Buyer has 17 (or ☐ _____) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or repair. Seller has no obligation to pay for repairs or satisfy lender requirements unless otherwise agreed in writing.

D. ADDITIONAL FINANCING TERMS: _____

E. BALANCE OF PURCHASE PRICE OR DOWN PAYMENT: in the amount of \$ 2,030,000.00 to be deposited with Escrow Holder within sufficient time to close escrow.

F. PURCHASE PRICE (TOTAL): \$ 2,400,000.00

Buyer's Initials (HB) (KB)

Seller's Initials (_____) (_____)

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RPA-CA REVISED 4/10 (PAGE 1 OF 8)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 1 OF 8)

Reviewed by _____ Date _____



Agent: Robert Pfeif Phone: 949-720-8300 Fax: 949-720-8321 Prepared using zipForm® software
Broker: Pfeif Residential Group, Inc. 160 Newport Center Drive, Suite 120 Newport Beach, CA 92660

115 Old Course Drive
Property Address: Newport Beach, CA 92660

Date: September 18, 2012

- G. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to 3H(1)) shall, within 7 (or ☐ _____) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (If checked, ☐ verification attached.)
- H. **LOAN TERMS:**
- (1) **LOAN APPLICATIONS:** Within 7 (or ☐ _____) Days After Acceptance, Buyer shall Deliver to Seller a letter from lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in 3C above. (If checked, ☐ letter attached.)
- (2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Obtaining the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. Buyer's contractual obligations to obtain and provide deposit, balance of down payment and closing costs are not contingencies of this Agreement.
- (3) **LOAN CONTINGENCY REMOVAL:**
- (i) Within 17 (or ☒ 14) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing remove the loan contingency or cancel this Agreement;
- OR (ii) (if checked) ☐ the loan contingency shall remain in effect until the designated loans are funded.
- (4) ☐ **NO LOAN CONTINGENCY** (If checked): Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or, if checked, ☐ is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the specified purchase price. If there is a loan contingency, Buyer's removal of the loan contingency shall be deemed removal of this appraisal contingency (or, ☒ if checked, Buyer shall, as specified in paragraph 14B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or 14) Days After Acceptance). If there is no loan contingency, Buyer shall, as specified in paragraph 14B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or _____) Days After Acceptance.
- J. ☐ **ALL CASH OFFER** (If checked): Buyer shall, within 7 (or ☐ _____) Days After Acceptance, Deliver to Seller written verification of sufficient funds to close this transaction. (If checked, ☐ verification attached.)
- K. **BUYER STATED FINANCING:** Seller has relied on Buyer's representation of the type of financing specified (including but not limited to, as applicable, amount of down payment, contingent or non contingent loan, or all cash). If Buyer seeks alternate financing, (i) Seller has no obligation to cooperate with Buyer's efforts to obtain such financing, and (ii) Buyer shall also pursue the financing method specified in this Agreement. Buyer's failure to secure alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
4. **ALLOCATION OF COSTS** (If checked): Unless otherwise specified in writing, this paragraph only determines who is to pay for the inspection, test or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.
- A. **INSPECTIONS AND REPORTS:**
- (1) ☐ Buyer ☐ Seller shall pay for an inspection and report for wood destroying pests and organisms ("Wood Pest Report") prepared by _____ a registered structural pest control company.
- (2) ☐ Buyer ☐ Seller shall pay to have septic or private sewage disposal systems pumped and inspected _____
- (3) ☐ Buyer ☐ Seller shall pay to have domestic wells tested for water potability and productivity _____
- (4) ☐ Buyer ☒ Seller shall pay for a natural hazard zone disclosure report prepared by Property ID
- (5) ☐ Buyer ☒ Seller shall pay for the following inspection or report City of NB report and inspection
- (6) ☐ Buyer ☐ Seller shall pay for the following inspection or report _____
- B. **GOVERNMENT REQUIREMENTS AND RETROFIT:**
- (1) ☐ Buyer ☒ Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless exempt.
- (2) ☐ Buyer ☒ Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law. _____
- C. **ESCROW AND TITLE:**
- (1) ☒ Buyer ☒ Seller shall pay escrow fee Each to pay own fees. Escrow fee split 50/50.
Escrow Holder shall be Mariners Escrow-Brian Foxcroft
- (2) ☐ Buyer ☒ Seller shall pay for owner's title insurance policy specified in paragraph 12E _____
Owner's title policy to be issued by Lawyers Title- John Ursini
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)
- D. **OTHER COSTS:**
- (1) ☐ Buyer ☒ Seller shall pay County transfer tax or fee _____
- (2) ☐ Buyer ☐ Seller shall pay City transfer tax or fee _____
- (3) ☐ Buyer ☒ Seller shall pay Homeowner's Association ("HOA") transfer fee _____
- (4) ☐ Buyer ☒ Seller shall pay HOA document preparation fees _____
- (5) ☐ Buyer ☒ Seller shall pay for any private transfer fee _____
- (6) ☐ Buyer ☒ Seller shall pay the cost, not to exceed \$ 800.00, of a one-year home warranty plan, issued by First American Home Warranty-Roberta Curlander, with the following optional coverages:
☒ Air Conditioner ☒ Pool/Spa ☐ Code and Permit upgrade ☒ Other: First Class upgrade and roof coverage
Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.
- (7) ☐ Buyer ☐ Seller shall pay for _____
- (8) ☐ Buyer ☐ Seller shall pay for _____

Buyer's Initials (HA) (KB)
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Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



115 Old Course Drive

Property Address: Newport Beach, CA 92660

Date: September 18, 2012

5. CLOSING AND POSSESSION:

- A. Buyer intends (or ☐ does not intend) to occupy the Property as Buyer's primary residence.
- B. **Seller-occupied or vacant property:** Possession shall be delivered to Buyer at 5 PM or (☐ AM ☐ PM), on the date of Close Of Escrow; ☐ on ; or ☐ no later than Days After Close Of Escrow. If transfer of title and possession do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement (C.A.R. Form PAA, paragraph 2); and (ii) consult with their insurance and legal advisors.

C. Tenant-occupied property:

(i) **Property shall be vacant at least 5 (or ☐) Days Prior to Close Of Escrow**, unless otherwise agreed in writing. **Note to Seller:** If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.

OR (ii) (if checked) ☐ **Tenant to remain in possession.** (C.A.R. Form PAA, paragraph 3)

- D. At Close Of Escrow, (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale, and (ii) Seller shall Deliver to Buyer available Copies of warranties. Brokers cannot and will not determine the assignability of any warranties.
- E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

6. STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

- A. (1) Seller shall, within the time specified in paragraph 14A, Deliver to Buyer, if required by Law: (i) Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordinance location (C.A.R. Form SPQ or SSD).
- (2) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory and Lead Disclosures to Seller.
- (3) In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.**
- (4) If any disclosure or notice specified in 6A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within **3 Days** After Delivery in person, or **5 Days** After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.
- (5) **Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.**
- B. **NATURAL AND ENVIRONMENTAL HAZARDS:** Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- C. **WITHHOLDING TAXES:** Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).
- D. **MEGAN'S LAW DATABASE DISCLOSURE:** Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

7. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:

- A. **SELLER HAS: 7 (or ☐) Days After Acceptance** to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or SSD).
- B. If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has **3 (or ☐) Days After Acceptance** to request from the HOA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3).

8. ITEMS INCLUDED IN AND EXCLUDED FROM PURCHASE PRICE:

- A. **NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are **not** included in the purchase price or excluded from the sale unless specified in 8B or C.
- B. **ITEMS INCLUDED IN SALE:**
- (1) All EXISTING fixtures and fittings that are attached to the Property;
- (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remotes controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms; (If checked ☒ stove(s), ☒ refrigerator(s); and
- (3) The following additional items: all light fixtures, window coverings and audio/video components
- (4) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.
- (5) All items included shall be transferred free of liens and without Seller warranty.
- C. **ITEMS EXCLUDED FROM SALE:** Unless otherwise specified, audio and video components (such as flat screen TVs and speakers) are excluded if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component is attached to the Property; and

Buyer's Initials (HP) (VB)

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Seller's Initials () ()

Reviewed by Date



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 3 OF 8)

115 Old Course

115 Old Course Drive
Property Address: Newport Beach, CA 92660

Date: September 18, 2012

9. **CONDITION OF PROPERTY:** Unless otherwise agreed: (i) the Property is sold (a) in its **PRESENT physical ("as-is") condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights;** (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Seller by Close Of Escrow.
- A. Seller shall, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B. Buyer has the right to inspect the Property and, as specified in paragraph 14B, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. **Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.**
10. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**
- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 14B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- D. **Buyer indemnity and Seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close of Escrow.
11. **SELLER DISCLOSURES; ADDENDA; ADVISORIES; OTHER TERMS:**
- A. **Seller Disclosures (if checked):** Seller shall, within the time specified in paragraph 14A, complete and provide Buyer with a:
- | | | |
|---|----|--|
| <input type="checkbox"/> Seller Property Questionnaire (C.A.R. Form SPQ) | OR | <input type="checkbox"/> Supplemental Contractual and Statutory Disclosure (C.A.R. Form SSD) |
| B. Addenda (if checked): | | |
| <input checked="" type="checkbox"/> Wood Destroying Pest Inspection and Allocation of Cost Addendum (C.A.R. Form WPA) | | <input type="checkbox"/> Addendum # _____ (C.A.R. Form ADM) |
| <input type="checkbox"/> Purchase Agreement Addendum (C.A.R. Form PAA) | | <input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI) |
| <input checked="" type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA) | | <input type="checkbox"/> Other _____ |
| C. Advisories (if checked): | | |
| <input type="checkbox"/> Probate Advisory (C.A.R. Form PAK) | | <input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA) |
| <input type="checkbox"/> Trust Advisory (C.A.R. Form TA) | | <input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA) |
| | | <input type="checkbox"/> REO Advisory (C.A.R. Form REO) |
| D. Other Terms: | | |
12. **TITLE AND VESTING:**
- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report, which shall include a search of the General Index. Seller shall within 7 Days After Acceptance give Escrow Holder a completed Statement of Information. The preliminary report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a CLTA/ALTA Homeowner's Policy of Title Insurance. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, survey requirements, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.
13. **SALE OF BUYER'S PROPERTY:**
- A. This Agreement is NOT contingent upon the sale of any property owned by Buyer.
- OR B. ☐ (If checked): The attached addendum (C.A.R. Form COP) regarding the contingency for the sale of property owned by Buyer is incorporated into this Agreement.

Buyer's Initials (HA) (KB)

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Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 4 OF 8)

115 Old Course

115 Old Course Drive
Property Address: Newport Beach, CA 92660

Date: September 18, 2012

- 14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
- A. SELLER HAS:** 7 (or ☐) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 4, 6A, B and C, 7A, 9A, 11A and B, and 12. Buyer may give Seller a Notice to Seller to Perform (C.A.R. Form NSP) if Seller has not Delivered the items within the time specified.
- B. (1) BUYER HAS:** 17 (or ☒ 14) Days After Acceptance, unless otherwise agreed in writing, to:
- (i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all other matters affecting the Property; and
 - (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures Delivered by Seller in accordance with paragraph 6A.
- (2)** Within the time specified in 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
- (3)** Within the time specified in 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 14A, then Buyer has 5 (or ☐) Days After Delivery of any such items, or the time specified in 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
- (4) Continuation of Contingency:** Even after the end of the time specified in 14B(1) and before Seller cancels this Agreement, if at all, pursuant to 14C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified terms. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 14C(1).
- C. SELLER RIGHT TO CANCEL:**
- (1) Seller right to Cancel; Buyer Contingencies:** If, within time specified in this Agreement, Buyer does not, in writing, Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.
- (2) Seller right to Cancel; Buyer Contract Obligations:** Seller, after first Delivering to Buyer a NBP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited; (iii) if Buyer fails to Deliver a notice of FHA or VA costs or terms as required by 3C(3) (C.A.R. Form FVA); (iv) if Buyer fails to Deliver a letter as required by 3H; (v) if Buyer fails to Deliver verification as required by 3G or 3J; (vi) if Seller reasonably disapproves of the verification provided by 3G or 3J; (vii) if Buyer fails to return Statutory and Lead Disclosures as required by paragraph 6A(2); or (viii) if Buyer fails to sign or initial a separate liquidated damage form for an increased deposit as required by paragraphs 3B and 25. In such event, Seller shall authorize return of Buyer's deposit.
- (3) Notice To Buyer To Perform:** The NBP shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 2 (or ☐) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 14C(2).
- D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall with regard to that contingency or cancellation right conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections or for inability to obtain financing.
- E. CLOSE OF ESCROW:** Before Seller or Buyer may cancel this Agreement for failure of the other party to close escrow pursuant to this Agreement, Seller or Buyer must first give the other a demand to close escrow (C.A.R. Form DCE).
- F. EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A Buyer or Seller may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).
- 15. REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.
- 16. FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or ☐) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 9; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
- 17. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are a current lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are a current lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.

Buyer's Initials (AK) (KB)

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Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



115 Old Course Drive

Property Address: Newport Beach, CA 92660

Date: September 18, 2012

18. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
19. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
20. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
21. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 26A.
22. **DEFINITIONS:** As used in this Agreement:
- A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
 - B. **"C.A.R. Form"** means the specific form referenced or another comparable form agreed to by the parties.
 - C. **"Close Of Escrow"** means the date the grant deed, or other evidence of transfer of title, is recorded.
 - D. **"Copy"** means copy by any means including photocopy, NCR, facsimile and electronic.
 - E. **"Days"** means calendar days. However, After Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
 - F. **"Days After"** means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59PM on the final day.
 - G. **"Days Prior"** means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - H. **"Deliver", "Delivered" or "Delivery"**, regardless of the method used (i.e. messenger, mail, email, fax, other), means and shall be effective upon (i) personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in paragraph D of the section titled Real Estate Brokers on page 8; OR (ii) if checked, ☐ per the attached addendum (C.A.R. Form RDN).
 - I. **"Electronic Copy" or "Electronic Signature"** means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other party.
 - J. **"Law"** means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
 - K. **"Repairs"** means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
 - L. **"Signed"** means either a handwritten or electronic signature on an original document, Copy or any counterpart.
23. **BROKER COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
24. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 3, 4, 6C, 11B and D, 12, 13B, 14F, 17, 22, 23, 24, 28, 30, and paragraph D of the section titled Real Estate Brokers on page 8. If a Copy of the separate compensation agreement(s) provided for in paragraph 23, or paragraph D of the section titled Real Estate Brokers on page 8 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out of Buyer's or Seller's funds, or both, as applicable, the respective Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not specifically referenced above, in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.
 - B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or ☐ _____). Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement.
 - C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraphs 23 and paragraph D of the section titled Real Estate Brokers on page 8. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 23, respectively, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if either Buyer or Seller instruct Escrow Holder to cancel escrow.
 - D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

Buyer's Initials (AD) (KB)
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RPA-CA REVISED 4/10 (PAGE 6 OF 8) Print Date

Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



115 Old Course Drive
Property Address: Newport Beach, CA 92660

Date: September 18, 2012

25. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT TIME OF THE INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT. (C.A.R. FORM RID).

Buyer's Initials AD / KB Seller's Initials _____ / _____

26. DISPUTE RESOLUTION:

A. MEDIATION: Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Buyer and Seller also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 26C.

B. ARBITRATION OF DISPUTES:

Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. Buyer and Seller also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 26C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROCEDURE, YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials AD / KB Seller's Initials _____ / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

(1) **EXCLUSIONS:** The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.

(2) **BROKERS:** Brokers shall not be obligated or compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

27. TERMS AND CONDITIONS OF OFFER:

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all parties initial such paragraph(s), a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

28. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES: Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the laws of the State of California. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

Buyer's Initials (AD) (KB)
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RPA-CA REVISED 4/10 (PAGE 7 OF 8)

Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



115 Old Course Drive
Property Address: Newport Beach, CA 92660

Date: September 18, 2012

29. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit shall be returned unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by Robert Pfeif, who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or, if checked, ☒ AM ☒ PM, on September 21, 2012 (date)). Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships.

Date 09/18/2012

Date 09/18/2012

BUYER Kim Bagramian
(Print name)

BUYER Harry Bagramian
(Print name)

(Address)

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

30. **ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

☐ (If checked) **SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form CO) DATED:**

Date _____

Date _____

SELLER Steve Woo
(Print name)

SELLER Jolynne Ewing
(Print name)

(Address)

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

(Initials) **CONFIRMATION OF ACCEPTANCE:** A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____ ☐ AM ☐ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement. It is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
B. Agency relationships are confirmed as stated in paragraph 2.
C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
D. **COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS; or (ii) ☐ (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker. Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) Pfeif Residential Group, Inc.
By Robert Pfeif DRE Lic. # 01292044 DRE Lic. # 01891692
Address 160 Newport Center Drive, Suite 120 City Newport Beach Date 09/18/2012
Telephone (949) 720-8300 Fax (949) 720-8321 State CA Zip 92660
E-mail robert@pfeifresidentialgroup.com

Real Estate Broker (Listing Firm) Kent Salvason, Broker
By _____ DRE Lic. # _____
Address _____ Date _____
Telephone _____ Fax _____ City _____ State _____ Zip _____
E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ _____, counter offer numbered _____, ☐ Seller's Statement of Information and ☐ Other _____, and agrees to act as Escrow Holder subject to paragraph 24 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions if any.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder By _____ Escrow # _____
Address _____ Date _____
Phone/Fax/E-mail _____

Escrow Holder is licensed by the California Department of ☐ Corporations, ☐ Insurance, ☐ Real Estate. License # _____

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
Broker or Designee Initials

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
Seller's Initials

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

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525 South Virgil Avenue, Los Angeles, California 90020

REVISION DATE 4/10

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 8)

Reviewed by
Broker or Designee _____ Date _____



115 Old Course

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EXHIBIT – 2

PRELIMINARY TITLE REPORT

PROOF OF SERVICE OF DOCUMENT

CLTA Preliminary Report Form
(Rev. 11/06)

Order Number: 0625-4201438
Page Number: 1



First American Title

First American Title Company

**323 Court Street
San Bernardino, CA 92401**

Shirley Thompson
Sunset Escrow
1701 North Palm Canyon Drive Suite 9
Palm Springs, CA 92262
Phone: (760)325-6886
Fax: (760)325-6881

Customer Reference:	6606-ST
Order Number:	0625-4201438 (gp)
Title Officer:	Josh Guzman/ Porscha Peterson
Phone:	(951)787-1762
Fax No.:	(866)292-6890
E-Mail:	RVTitle@firstam.com
Buyer:	Bagramian
Property:	115 Old Course Drive Newport Beach, CA 92660

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

First American Title

Order Number: **0625-4201438**

Page Number: 2

Dated as of October 02, 2012 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA/CLTA Homeowner's (EAGLE) Policy of Title Insurance (2010) and ALTA Ext Loan Policy 1056.06 (06-17-06) if the land described is an improved residential lot or condominium unit on which there is located a one-to-four family residence; or ALTA Standard Owner's Policy 2006 (WRE 06-17-06) and the ALTA Loan Policy 2006 (06-17-06) if the land described is an unimproved residential lot or condominium unit

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

STEVE Y.K. WOO AND JOLYNNE E. EWING, HUSBAND AND WIFE AS COMMUNITY PROPERTY, subject to proceedings pending in the Bankruptcy Court of the CALIFORNIA CENTRAL - SANTA ANA District of the U. S. District Court, California entitled in re: STEVE WOO, debtor, Case No. 8:11-BK-12312-ES, wherein a petition for relief was filed on FEBRUARY 19, 2011.

The estate or interest in the land hereinafter described or referred to covered by this Report is:

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2012-2013.

First Installment:	\$11,825.16, PAYABLE
Penalty:	\$1,182.52
Second Installment:	\$11,825.16, PAYABLE
Penalty:	\$1,205.52
Tax Rate Area:	07-070
A. P. No.:	442-431-19
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. Any easements or servitudes appearing in the public records.

Affects:	Common Area.
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4. A PERPETUAL AVIGATION EASEMENT IN AND THROUGH THE AIR ABOVE THE HEREIN DESCRIBED AND OTHER LAND, AS CONVEYED TO THE COUNTY OF ORANGE BY THE IRVINE COMPANY, BY DEED RECORDED MARCH 17, 1964 IN BOOK 6965, PAGE 721 OF OFFICIAL RECORDS, AND THE TERMS AND CONDITIONS AS SET FORTH IN SAID DEED TO WHICH RECORD REFERENCE IS HEREBY MADE FOR ALL PARTICULARS.
5. The terms and provisions contained in the document entitled "DECLARATION OF SPECIAL LAND USE RESTRICTIONS" recorded April 15, 1996 as INSTRUMENT NO. 96-183691 of Official Records.
6. Easements, Covenants and Conditions contained in the deed from THE IRVINE COMPANY, A MICHIGAN CORPORATION, DBA IRVINE LAND MANAGEMENT, as Grantor, to THE JM DEVELOPMENT COMPANY, INC., A CALIFORNIA CORPORATION, as Grantee, recorded April 15, 1996 as Instrument No. 96-183692 of Official Records. Reference being made to the document for full particulars, but deleting any covenant, condition, or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, sexual orientation, familial status, disability, handicap, national origin, genetic information, gender, gender identity, gender expression, source of income (as defined in California Government Code § 12955(p)) or ancestry, to the extent such covenants, conditions or restrictions violation 42 U.S.C. § 3604(c) or California Government Code § 12955. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.
7. THE DEDICATION TO THE CITY OF NEWPORT BEACH OF THE SANITARY SEWER SYSTEM AND APPURTENANCES AND THE DOMESTIC WATER SYSTEM AND APPURTENANCES, BOTH AS SHOWN ON THE IMPROVEMENT PLANS FOR SAID TRACT.
8. An easement for public utilities and incidental purposes in the document recorded April 03, 1998 as INSTRUMENT NO. 98-194793 of Official Records.
9. An easement for public utilities and incidental purposes in the document recorded November 03, 1998 as INSTRUMENT NO. 98-745283 of Official Records.
10. An easement for public utilities and incidental purposes in the document recorded November 17, 1998 as INSTRUMENT NO. 98-779309 of Official Records.
11. An easement for TELECOMMUNICATIONS FACILITIES and incidental purposes in the document recorded April 01, 1999 as INSTRUMENT NO. 99-240612 of Official Records.
12. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded MARCH 26, 1998 as INSTRUMENT NO. 98-172892 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition, or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, sexual orientation, familial status, disability, handicap, national origin, genetic information, gender, gender identity, gender expression, source of income (as defined in California Government Code § 12955(p)) or ancestry, to the extent such covenants, conditions or restrictions violation 42 U.S.C. § 3604(c) or California Government Code § 12955. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

ONE FORD ROAD Homeowners Association is referenced in the above mentioned document.

Order Number: **0625-4201438**
Page Number: 4

Document(s) declaring modifications thereof recorded October 26, 1998 as INSTRUMENT NO. 98-721367 of Official Records.

A declaration of annexation recorded November 22, 1999 as INSTRUMENT NO. 99-807840 of Official Records .

13. Easements, Covenants and Conditions contained in the deed from PACIFIC BAY PROPERTIES, A CALIFORNIA CORPORATION, as Grantor, to STEVE Y.K. WOO AND JOLYNNE E. EWING, HUSBAND AND WIFE, AS COMMUNITY PROPERTY, as Grantee, recorded October 12, 2000 INSTRUMENT NO. 00-546643 of Official Records. Reference being made to the document for full particulars.
14. A deed of trust to secure an original indebtedness of \$2,360,000.00 recorded October 24, 2006 as INSTRUMENT NO. 06-717705 OF OFFICIAL RECORDS.

Dated: October 16, 2006
Trustor: STEVE Y.K. WOO AND JOLYNNE E. EWING HUSBAND AND WIFE
AS COMMUNITY PROPERTY
Trustee: CALIFORNIA RECONVEYANCE COMPANY, A CALIFORNIA CORP
Beneficiary: WASHINGTON MUTUAL BANK, FA, A FEDERAL SAVINGS BANK

According to the public records, the beneficial interest under the deed of trust was assigned to BANK OF AMERICA, NATIONAL ASSOCIATION SUCCESSOR BY MERGER TO LASALLE BANK NA AS TRUSTEE FOR WAMU MORTGAGE PASS-THROUGH CERTIFICATES SERIES 2007-OA2 TRUST by assignment recorded July 01, 2010 as INSTRUMENT NO. 10-312575 OF OFFICIAL RECORDS.

A notice of default recorded July 01, 2010 as INSTRUMENT NO. 10-312576 OF OFFICIAL RECORDS.

A notice of trustee's sale recorded February 07, 2011 as INSTRUMENT NO. 11-67686 OF OFFICIAL RECORDS.

15. A deed of trust to secure an original indebtedness of \$200,000.00 recorded June 13, 2007 as INSTRUMENT NO. 07-376081 OF OFFICIAL RECORDS.

Dated: May 11, 2007
Trustor: STEVE Y.K. WOO AND JOLYNNE E. EWING
Trustee: CALIFORNIA RECONVEYANCE COMPANY, A PENNSYLVANIA CORPORATION
Beneficiary: WASHINGTON MUTUAL BANK, A FEDERAL ASSOCIATION

The above deed of trust states that it secures an equity line/revolving line of credit.

16. A notice of homeowners association assessment lien recorded May 25, 2010 as INSTRUMENT NO. 10-245413 of Official Records.
Association: ONE FORD ROAD COMMUNITY ASSOCIATION
Amount: \$1,859.20, and any other amounts due thereunder.

Order Number: **0625-4201438**

Page Number: 5

17. Proceedings pending in the Bankruptcy Court of the CALIFORNIA CENTRAL - SANTA ANA District of the U.S. District Court, California, entitled in re: STEVE WOO, debtor, Case No. 8:11-BK-12312-ES, wherein a petition for relief was filed under Chapter 7 on FEBRUARY 19, 2011.
18. A certified copy of a judgment or an abstract thereof, recorded SEPTEMBER 10, 2010 as INSTRUMENT NO. 10-448323 of Official Records.
Court: SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE
Case No.: 30-2009-00323339
Debtor: JOLYNNE E EWING
Creditor: CITIBANK (SOUTH DAKOTA) N.A.
Amount: \$31945.91, and any other amounts due thereunder
19. A certified copy of a judgment or an abstract thereof, recorded DECEMBER 15, 2010 as INSTRUMENT NO. 10-675411 of Official Records.
Court: SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE
Case No.: 30-2010 00343835
Debtor: STEVE WOO
Creditor: AMERICAN EXPRESS CENTURION BANK
Amount: \$18,440.33, and any other amounts due thereunder

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 and if applicable, 115 and 116.2 attached.

When issued, the CLTA endorsement form 116 or 116.2, if applicable will reference a(n) Single Family Residence known as 115 OLD COURSE DRIVE, NEWPORT BEACH, CA.

2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

3. Note: Please contact the ONE FORD ROAD Homeowner's Association and/or their successors and assigns or any other appropriate entity regarding assessments, transfer fees and other requirements that may be due or imposed upon the contemplated transaction pursuant to the above document(s). Reference is made to the recorded document(s) for full particulars.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

Order Number: **0625-4201438**
Page Number: 7



First American Title

First American Title Company
323 Court Street
San Bernardino, CA 92401
(951)787-1700
Fax -

WIRE INSTRUCTIONS
for
First American Title Company, Demand/Draft Sub-Escrow Deposits
Riverside County, California

First American Trust, FSB
5 First American Way
Santa Ana, CA 92707
Banking Services: (877) 600-9473

ABA 122241255
Credit to First American Title Company
Account No. 3004460000

Reference Title Order Number 4201438 and Title Officer Josh Guzman/ Porscha Peterson

Please wire the day before recording.

LEGAL DESCRIPTION

Real property in the City of Newport Beach, County of Orange, State of California, described as follows:

LOT 41 OF TRACT NO. 15387, AS SHOWN ON A MAP RECORDED IN BOOK 761, PAGES 35 TO 38 INCLUSIVE, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, GEOTHERMAL STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR, AND STORING IN AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THE LAND, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL, MINE, STORE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND, AS RESERVED BY THE IRVINE COMPANY IN THE DEED RECORDED APRIL 15, 1996 AS INSTRUMENT NO. 19960183692 OF OFFICIAL RECORDS.

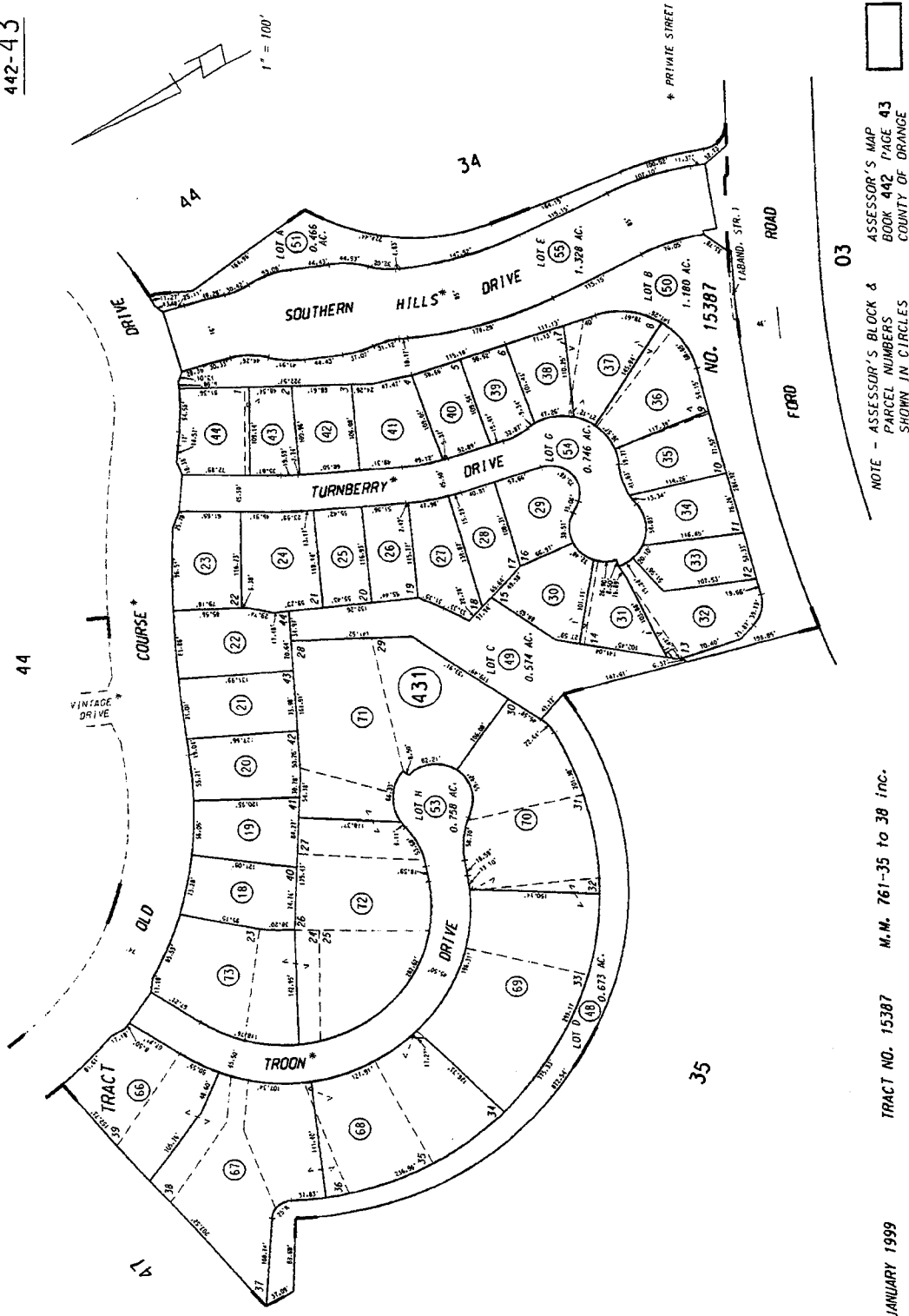
ALSO EXCEPTING THEREFROM ANY AND ALL WATER, WATER RIGHTS OR INTERESTS THEREIN, APPURTENANT OR RELATING TO THE LAND OR OWNED OR USED BY THE IRVINE COMPANY IN CONNECTION WITH OR WITH RESPECT TO THE LAND (NO MATTER HOW ACQUIRED BY THE IRVINE COMPANY), WHETHER SUCH WATER RIGHTS SHALL BE RIPARIAN, OVERLYING, APPROPRIATIVE, LITTORAL, PERCOLATING, PRESCRIPTIVE, ADJUDICATED, STATUTORY OR CONTRACTUAL, TOGETHER WITH THE RIGHT AND POWER TO EXPLORE, DRILL, REDRILL, REMOVE AND STORE THE SAME FROM THE LAND OR TO DIVERT OR OTHERWISE UTILIZE SUCH WATER, RIGHTS OR INTERESTS ON ANY OTHER PROPERTY OWNED OR LEASED BY GRANTOR; BUT WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF THE LAND IN THE EXERCISE OF SUCH RIGHTS, AS RESERVED BY THE IRVINE COMPANY IN DEED RECORDED APRIL 15, 1996 AS INSTRUMENT NO. 19960183692 OF OFFICIAL RECORDS.

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NOTICE

First American Title

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Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

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EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) land division; and
 - (f) environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
 - (a) a notice of exercising the right appears in the public records on the Policy Date

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- (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
- (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
- (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

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5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

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- (i) the occupancy, use, or enjoyment of the Land;
- (ii) the character, dimensions, or location of any improvement erected on the Land;
- (iii) the subdivision of land; or
- (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
- 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
- 6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
- 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
- 8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
- 9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.

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First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 28391 Avenida La Mancha, San Juan Capistrano, CA 92675

A true and correct copy of the foregoing document entitled (*specify*): Notice of Motion and Motion to to Sell Prioperty Free and Clear of All Liens and Encumbrances; Authorization to pay Real Estate Commissions; Authorization of Debtor to Sign Documents; Memorandum of Points and Authorities; Delcaration of Steve Woo.

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) _____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

XX Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL

(*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

October 26, 2012 Kent Salvesson

Date

Printed Name

/s/ Kent Salvesson

Signature

Service List

Steve Woo
115 Old Course Rd
Newport Beach, CA 92660

Kent Salveson
Attorney at Law
28391 Avenida La Mancha
San Juan Capistrano, CA 92675

American Express
Becket and Lee LLP
PO Box 3001
Malvern, PA. 19355

Bank America
PO Box 851001
Dallas, TX 75285

Capital One
PO Box 60699
City of Industry, CA 91716

Chase Bank
4500 Cherry Creek Dr.
Glendale, CO. 80246

Chase Bank
PO Box 15145
Wilmington, DE 19850

CitiMortgage
PO Box 140609
Irving, TX 75014

EA Display
SF No 3005 Shennen Zhong Rd
Futian, Shenzhen; PRC

GM
PO Box 80082
Salinas, CA 93912

Home and Home Office Supply

1 PO Box 15521
2 Wilmington, DE. 19850

3 Jean Inc
4 No 225 SEC 3 Nan King East Rd
5 Taipei, Taiwan, NA

6 Nordstrom
7 PO Box 6566
8 Englewood, CO. 80155

9 Resurgent Capital
10 Citibank Credit Card 3139
11 PO Box 10587
12 Greenville, SC 29603

13 T-Mobile
14 PO Box 248848
15 Oklahoma, OK 73124

16 Unihan Inc
17 No 200 Sec 3 Chengde Rd
18 Taipei City, Taiwan, NA

19 Wells Fargo Bank
20 PO Box 9210
21 Des Moines, IA 50306

22 Wescom
23 5601 E. La Palma Ave
24 Anaheim, CA 92807

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